

## Message Text

CONFIDENTIAL

PAGE 01 STATE 282912

45

ORIGIN AF-08

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 OPIC-03 XMB-02

L-03 AID-05 /029 R

DRAFTED BY AF/W-RJKOTT/ELOLLIS:DFP

APPROVED BY AF/W-TWMSMITH

EB/IFD/OIA- TBRODERICK(DRAFT)

USDOC/BIC/OIM-RBIDDLE (INFO)

DESIRED DISTRIBUTION

TREASURY, OPIC

----- 022620

R 172310Z NOV 76

FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

C O N F I D E N T I A L STATE 282912

E.O. 11652: GDS

TAGS: BGEN, EINV, NI

SUBJECT: NIGERIAN QUOTE INDIGENIZATION UNQUOTE POLICY

REFS: A) STATE 223868, B) LAGOS 10547; C) STATE 228917;

D) STATE 261883; E) LAGOS 12332; F) LAGOS 12408;

1. DEPARTMENT APPRECIATES EMBASSY CABLES ON NIGERIAN QUOTE INDIGENIZATION UNQUOTE POLICY ANNOUNCED JUNE 29 AND ON POSSIBLE EMBASSY DEMARCHES TO FMG. IN TAKING FUTURE ACTION, DEPARTMENT AND EMBASSY SHOULD DRAW CLEAR DISTINCTION BETWEEN POSSIBLE ACTION RELATING TO SPECIFIC COMPANY INTERESTS AND ANY GENERAL ACTION WE MAY UNDERTAKE ON BEHALF OF US INVESTORS AS A WHOLE.

2. PFIZER INTERNATIONAL (REFS A,B,C, AND E): PFIZER IS ONLY US COMPANY TO DATE TO ASK DEPARTMENT OF STATE OR COMMERCE FOR EMBASSY TO MAKE SPECIFIC INQUIRIES ON ITS BEHALF. EMBASSY HAS INDICATED ITS WILLINGNESS (REF E) AND  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 282912

SHOULD MAKE APPROPRIATE DEMARCHE AS SOON AS POSSIBLE.

DEPARTMENT IS CONFIDENT THAT COMPANY QUOTE AIDE MEMOIRE UNQUOTE WAS POUCHED TO EMBASSY IMMEDIATELY AFTER SENDING REF A BUT CAN FIND NO RECORD OF TRANSMISSION. DUPLICATE COPY OBTAINED AND RECENTLY POUCHED.

3. GENERAL SITUATION (REFS D,E,F AND PREVIOUS): INTENTION OF REF D WAS TO ASK EMBASSY FOR EMBASSY ANALYSIS AND RECOMMENDATIONS CONCERNING GENERAL SITUATION. CONTRARY TO EMBASSY CONCLUSION CONTAINED REF E, DEPARTMENT HAS NOT YET DECIDED IF USG SHOULD OR SHOULD NOT EXPRESS OUR GENERAL CONCERNS ABOUT THE NEW INDIGENIZATION POLICY TO THE FMG. DEPARTMENT REQUIRES ADDITIONAL INFORMATION FROM EMBASSY ABOUT LIKELY EFFECTS OF THE NEW POLICY ON INTERESTS OF ALL US INVESTORS, PRESENT AND FUTURE. REF D REQUESTED EMBASSY TO ESTIMATE HOW MANY US FIRMS LIKELY TO BE AFFECTED UNDER EACH SCHEDULE OF THE NEW DECREE. EMBASSY ANALYSIS SHOULD ALSO COVER FOLLOWING ITEMS AS WELL AS OTHERS EMBASSY DEEMS APPROPRIATE:

A) POSSIBLE INEQUITIES ARISING FROM FMG WHITE PAPER AND IN APPLICATION OF INDIGENIZATION POLICY;

B) POLICY'S LIKELY EFFECT ON GENERAL INVESTMENT CLIMATE, INVESTMENT FLOWS, AND CAPITAL FLIGHT.

C) QUESTIONS OF COMPENSATION (INCLUDING EFFECTS OF CONTINUATION OF HIGH RATE OF INFLATION).

DEPARTMENT WILL DECIDE IF GENERAL DEMARCHE IS CALLED FOR AFTER REVIEWING INFORMATION AND ANALYSIS SUBMITTED BY EMBASSY. MEANWHILE, EMBASSY SHOULD REFRAIN FROM MAKING GENERAL DEMARCHE.

4. FYI. TO DATE ONLY FOUR U.S. FIRMS (APART FROM THE OIL COMPANIES, THE AMERICAN INTERNATIONAL INSURANCE GROUP, AND THE FIRST NATIONAL CITY BANK OF NEW YORK--SEE REFTELS) HAVE EXPRESSED CONCERN DIRECTLY TO STATE/USDOC OVER FMG'S INDIGENIZATION POLICY, ONLY PFIZER HAS REQUESTED USG INTERVENTION. OTHERS, WHICH HAVE NOT REQUESTED ANY USG ACTION, ARE C.F. BEAN, BRITISH-AMERICAN INSURANCE, AND CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 282912

GOODYEAR TIRE AND RUBBER. ELATIVELY LOW NUMBER OF FIRMS TO EXPRESS SPECIFIC CONCERN IS PROBABLY NOT A GOOD MEASURE OF US COMPANIES' ATTITUDE TOWARD THE NEW POLICY. AT SEMINAR ON NIGERIA HELD BY AMERICAN MANAGEMENT ASSOCIATION OCTOBER 14-15 AND DURING PRIVATE CONVERSATIONS DURING THE NIGERIAN-AMERICAN CHAMBER OF COMMERCE LUNCHEON NOVEMBER 12, US COMPANY REPRESENTATIVES ALMOST UNIVERSALLY EXPRESSED APREHENSION ABOUT THE INDIGENIZATION OF THE BANKS AND

THE APPLICATION OF THE YET-TO-BE-PUBLISHED DECREE TO  
OTHER SECTORS. END FYI.

5. FINAL NOTE. DEPARTMENT UNABLE RECONCILE STATEMENTS  
MADE BY NEPB ACTION SECRETARY ADEOYE (PARA THREE, REFTEL F)  
THAT ON ONE HAND NO EXEMPTIONS WILL BE GRANTED UNDER 1976

POLICY AND ON OTHER HAND THE SPIRIT OF DECREE WILL ALLOW  
FOR CASE BY CASE CONSIDERATION. PLEASE CLARIFY. KISSINGER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, FOREIGN INVESTMENT, INVESTMENT CLIMATE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 NOV 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE282912  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** RJKOTT/ELOLLIS:DFF  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760430-0618  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761137/aaaabgvf.tel  
**Line Count:** 124  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN AF  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 223868, 76 LAGOS 10547, 76 STATE 228917  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 28 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <28 JUL 2004 by coburnhl>; APPROVED <18 OCT 2004 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NIGERIAN QUOTE INDIGENIZATION UNQUOTE POLICY  
**TAGS:** BGEN, EINV, NI, PFIZER INTNL  
**To:** LAGOS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006